

LANTERNS METROPOLITAN DISTRICT NO. 1

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2022

**LANTERNS METROPOLITAN DISTRICT NO. 1
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 11,775,153	\$ 3,072,796	\$ 2,307,862
REVENUES			
Property taxes	1,013	185,039	690,328
Specific ownership taxes	88	17,844	55,226
Interest income	43,560	300	2,154
Developer advance	6,022,644	68,503	-
Total revenues	<u>6,067,305</u>	<u>271,686</u>	<u>747,708</u>
Total funds available	<u>17,842,458</u>	<u>3,344,482</u>	<u>3,055,570</u>
EXPENDITURES			
General Fund	65,263	80,248	96,000
Debt Service Fund	946,513	948,866	960,000
Capital Projects Fund	13,757,886	7,506	-
Total expenditures	<u>14,769,662</u>	<u>1,036,620</u>	<u>1,056,000</u>
Total expenditures and transfers out requiring appropriation	<u>14,769,662</u>	<u>1,036,620</u>	<u>1,056,000</u>
ENDING FUND BALANCES	<u>\$ 3,072,796</u>	<u>\$ 2,307,862</u>	<u>\$ 1,999,570</u>
EMERGENCY RESERVE	100	900	3,300
DEBT SERVICE RESERVE FUND	1,479,000	1,479,000	1,479,000
CAPITALIZED INTEREST/FEES FUND	1,594,377	622,064	-
TOTAL RESERVE	<u>\$ 3,073,477</u>	<u>\$ 2,101,964</u>	<u>\$ 1,482,300</u>

LANTERNS METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/24/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Residential	\$ 8,950	\$ -	\$ 798,310
Commercial	-	-	222,020
Agricultural	4,710	1,820	170
State assessed	100	200	-
Natural resources	-	310	310
Vacant land	-	2,460,870	7,974,110
Personal property	-	-	194,620
Certified Assessed Value	<u>\$ 13,760</u>	<u>\$ 2,463,200</u>	<u>\$ 9,189,540</u>
MILL LEVY			
General	11.077	11.077	11.077
Debt Service	64.044	64.044	64.044
Total mill levy	<u>75.121</u>	<u>75.121</u>	<u>75.121</u>
PROPERTY TAXES			
General	\$ 152	\$ 27,285	\$ 101,793
Debt Service	881	157,753	588,535
Levied property taxes	<u>1,033</u>	<u>185,038</u>	<u>690,328</u>
Adjustments to actual/rounding	(20)	1	-
Budgeted property taxes	<u>\$ 1,013</u>	<u>\$ 185,039</u>	<u>\$ 690,328</u>
BUDGETED PROPERTY TAXES			
General	\$ 149	\$ 27,285	\$ 101,793
Debt Service	864	157,754	588,535
	<u>\$ 1,013</u>	<u>\$ 185,039</u>	<u>\$ 690,328</u>

**LANTERNS METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ (2,103)	\$ 7,248	\$ 10,084
REVENUES			
Property taxes	149	27,285	101,793
Specific ownership tax	13	2,631	8,143
Interest income	-	-	17
Developer advance	74,452	53,168	-
Total revenues	<u>74,614</u>	<u>83,084</u>	<u>109,953</u>
Total funds available	<u>72,511</u>	<u>90,332</u>	<u>120,037</u>
EXPENDITURES			
Accounting	36,277	30,000	33,000
County Treasurer's fee	2	409	1,527
Auditing	4,800	4,900	5,200
Insurance and dues	3,573	3,914	4,000
Legal services	18,729	40,000	45,000
Miscellaneous	-	1,000	1,000
Election expense	1,790	-	2,000
Banking fees	92	25	100
Contingency	-	-	4,173
Total expenditures	<u>65,263</u>	<u>80,248</u>	<u>96,000</u>
Total expenditures and transfers out requiring appropriation	<u>65,263</u>	<u>80,248</u>	<u>96,000</u>
ENDING FUND BALANCES	<u>\$ 7,248</u>	<u>\$ 10,084</u>	<u>\$ 24,037</u>
EMERGENCY RESERVE	\$ 100	\$ 900	\$ 3,300
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 900</u>	<u>\$ 3,300</u>

**LANTERNS METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 4,001,105	\$ 3,073,377	\$ 2,297,778
REVENUES			
Property taxes	864	157,754	588,535
Specific ownership tax	75	15,213	47,083
Interest income	17,846	300	2,137
Total revenues	<u>18,785</u>	<u>173,267</u>	<u>637,755</u>
Total funds available	<u>4,019,890</u>	<u>3,246,644</u>	<u>2,935,533</u>
EXPENDITURES			
County Treasurer's fee	13	2,366	8,828
Paying agent fees	9,500	9,500	9,500
Contingency	-	-	4,672
Bond interest	937,000	937,000	937,000
Total expenditures	<u>946,513</u>	<u>948,866</u>	<u>960,000</u>
Total expenditures and transfers out requiring appropriation	<u>946,513</u>	<u>948,866</u>	<u>960,000</u>
ENDING FUND BALANCES	<u>\$ 3,073,377</u>	<u>\$ 2,297,778</u>	<u>\$ 1,975,533</u>
DEBT SERVICE RESERVE FUND	\$ 1,479,000	\$ 1,479,000	\$ 1,479,000
CAPITALIZED INTEREST/FEES FUND	1,594,377	622,064	-
TOTAL RESERVE	<u>\$ 3,073,377</u>	<u>\$ 2,101,064</u>	<u>\$ 1,479,000</u>

**LANERNS METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 7,776,151	\$ (7,829)	\$ -
REVENUES			
Interest income	25,714	-	-
Developer advance	5,948,192	15,335	-
Total revenues	<u>5,973,906</u>	<u>15,335</u>	<u>-</u>
Total funds available	<u>13,750,057</u>	<u>7,506</u>	<u>-</u>
EXPENDITURES			
Repay developer advance	5,948,192	-	-
Capital outlay	5,948,192	-	-
Accounting	5,895	-	-
Intergovernmental - CCMD	1,762,157	-	-
Intergovernmental - Town of Castle Rock	79,603	-	-
Legal services	484	-	-
Engineering	13,363	7,506	-
Total expenditures	<u>13,757,886</u>	<u>7,506</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>13,757,886</u>	<u>7,506</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ (7,829)</u>	<u>\$ -</u>	<u>\$ -</u>

**LANTERNS METROPOLITAN DISTRICT NO. 1
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Lanterns Metropolitan District No. 1, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Castle Rock in February 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town Council of the Town of Castle Rock, and as modified on September 16, 2014. The District's service area is located in the Town of Castle Rock, in Douglas County. District Nos. 1-3 are authorized to implement the Capital Plan and Financial Plan within their respective boundaries. District No. 4 and District No. 5 are being organized to provide operations and maintenance services to the Service Area and will function as overlay districts that will share boundaries with District Nos. 1-3.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

The Service Plan for District Nos. 1-3 limits the aggregate amount of debt that they may issue together to \$87,000,000.

The District has no employees and all administrative functions are contracted

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

LANTERNS METROPOLITAN DISTRICT NO. 1
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues – (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8.00% of the property taxes collected.

Net Investment Income

Investments earned on the District's funds available have been estimated at historical interest rates earnings.

Expenditures

General and Administrative Expenditures

General and administrative expenditures include the estimated costs of services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and other administrative expenses.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.50% of property tax collections.

Capital Outlay

The District does not anticipate any infrastructure improvements as noted in the Capital Projects fund.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule for the Series 2019A Limited Tax General Obligations Bonds. There is no schedule of debt amortization for the Series 2019B Subordinate Limited Tax General Obligation Bonds and the Series 2019C Junior Lien Limited Taxed General Obligations Bonds as they are structured as cash flow bonds as discussed aforementioned.

**LANERNS METROPOLITAN DISTRICT NO. 1
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

On July 31, 2019, the District issued Series 2019A Limited Tax General Obligation Bonds, Series 2019B Subordinate Limited Tax General Obligation Bonds, and Series 2019C Junior Lien Limited Tax General Obligation Bonds in the total amount of \$22,120,000.

Proceeds of the Senior Bonds will be used to: (i) fund and reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements; (ii) pay capitalized interest on the Senior Bonds; (iii) fund the initial deposit to the Senior Surplus Fund; and (iv) pay other costs in connection with the issuance of the Bonds. Proceeds of the Subordinate Bonds will be used to fund and reimburse additional public improvements related to the Development and pay certain costs of issuance.

The Senior Bonds are two term bonds with respective maturities of December 1, 2039 and December 1, 2049. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Senior Bonds will bear interest at 5.00%, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2019. The Bonds mature on December 1, 2049.

To the extent the principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid or discharged as described below. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate borne by the Senior Bond. The District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Senior Bonds. In the event any amount of principal of or interest on the Senior Bonds remains unpaid after the application of all available Senior Pledged Revenue on December 1, 2054, the Senior Bonds shall be deemed discharged and shall no longer be due and outstanding.

The Subordinate Bonds will bear interest at 7.75% and mature on December 15, 2049. The Subordinate Bonds constitute subordinate "cash flow" bonds, meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Subordinate Pledged Revenue is available for payment. Principal and interest payments are due on the Subordinate Bonds on each December 15 only to the extent of available Subordinate Pledged Revenue.

In the event that the Subordinate Pledged Revenue is insufficient to pay the Subordinate Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually on December 15 until the total repayment obligation of the District for the Subordinate Bonds equals the amount permitted by law and the Election. In the event that any amount of principal of or interest on the Subordinate Bonds remains unpaid after the application of all available Subordinate Pledged Revenue on December 15, 2054, the Subordinate Bonds shall be deemed discharged and shall no longer be due and outstanding.

The Junior Lien Bonds are assumed to bear interest at 10.00% and mature on December 15, 2049. The Junior Lien Bonds constitute junior lien "cash flow" bonds, meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Junior Lien Pledged Revenue is available for payment.

**LANTERNS METROPOLITAN DISTRICT NO. 1
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

Principal and interest payments are due on the Junior Lien Bonds on each December 15 only to the extent of available Junior Lien Pledged Revenue. In the event that Junior Lien Pledged Revenue is insufficient to pay the Junior Lien Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually on December 15 until the total repayment obligation of the District for the Junior Lien Bonds equals the amount permitted by law and the Election in repayment of the Junior Lien Bonds.

In no event are any amounts to be paid on the Junior Lien Bonds until such time as there has been paid in full or defeased the Subordinate Bonds, and, to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations issued by the District. In the event that any amount or principal of or interest on the Junior Lien Bonds remains unpaid after the application of all available Junior Lien Pledged Revenue on December 15, 2054, the Junior Lien Bonds shall be deemed discharged and shall no longer be due and outstanding.

District has no outstanding debt, nor any operating or capital leases.

The following is a summary of the District's long-term obligations:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021
Subordinate - Series 2019B Bonds	\$ 2,051,000	\$ -	\$ -	\$ 2,051,000
Junior Lien - Series 2019C Bonds	1,329,000	-	-	1,329,000
Developer Advance - Org Costs Jefferson	145,171	-	-	145,171
Developer Advance - O&M Toll	218,766	-	-	218,766
Developer Advance - Capital Toll	36,701	-	-	36,701
Develop Advance - O&M Jefferson	92,368	-	-	92,368
Develop Advance - Capital Jefferson	105,686	-	-	105,686
Accrued Interest on:				
Subordinate - Series 2019B Bonds	237,145	183,441	-	420,586
Junior Lien - Series 2019C Bonds	199,581	157,842	-	357,423
Developer Advance - Org Costs Jefferson	122,076	-	-	122,076
Developer Advance - O&M Toll	23,009	17,501	-	40,510
Developer Advance - Capital Toll	7,127	2,936	-	10,063
Develop Advance - O&M Jefferson	54,342	7,389	-	61,731
Develop Advance - Capital Jefferson	65,846	8,455	-	74,301
Develop Advance - Infrastructure Toll	12,462	-	-	12,462
Total	<u>\$ 4,700,280</u>	<u>\$ 377,564</u>	<u>\$ -</u>	<u>\$ 5,077,844</u>

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022
Subordinate - Series 2019B Bonds	\$ 2,051,000	\$ -	\$ -	\$ 2,051,000
Junior Lien - Series 2019C Bonds	1,329,000	-	-	1,329,000
Developer Advance - Org Costs Jefferson	145,171	-	-	145,171
Developer Advance - O&M Toll	218,766	-	-	218,766
Developer Advance - Capital Toll	36,701	-	-	36,701
Develop Advance - O&M Jefferson	92,368	-	-	92,368
Develop Advance - Capital Jefferson	105,686	-	-	105,686
Accrued Interest on:				
Subordinate - Series 2019B Bonds	420,586	197,144	-	617,730
Junior Lien - Series 2019C Bonds	357,423	173,072	-	530,495
Developer Advance - Org Costs Jefferson	122,076	-	-	122,076
Developer Advance - O&M Toll	40,510	17,501	-	58,011
Developer Advance - Capital Toll	10,063	2,936	-	12,999
Develop Advance - O&M Jefferson	61,731	7,389	-	69,120
Develop Advance - Capital Jefferson	74,301	8,455	-	82,756
Develop Advance - Infrastructure Toll	12,462	-	-	12,462
Total	<u>\$ 5,077,844</u>	<u>\$ 406,497</u>	<u>\$ -</u>	<u>\$ 5,484,341</u>

**LANTERNS METROPOLITAN DISTRICT NO. 1
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

Debt Service Reserve

The District maintains a Debt Service Reserve of \$1,479,000 as required with the issuance of the Series 2019 Bonds.

This information is an integral part of the accompanying budget.

LANTERNS METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

Bonds and Interest Maturing in the Year Ending December 31,	\$18,740,000		
	Limited Tax General Obligation Bonds		
	Series 2019A		
	Dated July 31, 2019		
	Interest Rates: 5.000%		
	Interest Payable June 1 and December 1		
	Principal Due December 1		
	Principal	Interest	Total
2022	\$ -	\$ 937,000	\$ 937,000
2023	-	937,000	937,000
2024	95,000	937,000	1,032,000
2025	220,000	932,250	1,152,250
2026	270,000	921,250	1,191,250
2027	285,000	907,750	1,192,750
2028	320,000	893,500	1,213,500
2029	340,000	877,500	1,217,500
2030	380,000	860,500	1,240,500
2031	400,000	841,500	1,241,500
2032	445,000	821,500	1,266,500
2033	465,000	799,250	1,264,250
2034	515,000	776,000	1,291,000
2035	540,000	750,250	1,290,250
2036	590,000	723,250	1,313,250
2037	620,000	693,750	1,313,750
2038	680,000	662,750	1,342,750
2039	715,000	628,750	1,343,750
2040	775,000	593,000	1,368,000
2041	815,000	554,250	1,369,250
2042	880,000	513,500	1,393,500
2043	925,000	469,500	1,394,500
2044	1,000,000	423,250	1,423,250
2045	1,050,000	373,250	1,423,250
2046	1,130,000	320,750	1,450,750
2047	1,190,000	264,250	1,454,250
2048	1,275,000	204,750	1,479,750
2049	2,820,000	141,000	2,961,000
	\$ 18,740,000	\$ 18,758,250	\$ 37,498,250

No assurance provided. See summary of significant assumptions.